

Before the
UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Redmon Post Office
(Redmon, Illinois)

Docket No. A2011-92

PUBLIC REPRESENTATIVE'S REPLY COMMENTS

(December 6, 2011)

I. INTRODUCTION

This case involves a timely appeal of the Postal Service's decision to close the Redmon Illinois post office. The appeal was filed by Mayor Jim Cooper on behalf of Redmon residents, including himself and his wife, and the Redmon Fire Department.¹ The Commission accepted the appeal and instituted formal proceedings in Order No. 884.² Mayor Cooper also filed a detailed Participant's Statement providing additional argument and evidence in support of the town's position.³ Therein, he stresses the detrimental impact of the Postal Service's initiative on America's small rural post offices and questions whether the savings associated with these closings, on balance, will contribute in any material respect to curbing the decline in the Postal Service's financial situation.

¹ See Petition of Jim Cooper, Mayor and Exhibit 2 (consisting of 41 petitions, including some signed with the names of more than one person), received September 26, 2011 (Mayor's Petition). The Mayor's Petition incorporates a request for suspension of the effectiveness of the determination to close the post office. Mayor's Petition at 2.

² Notice and Order Accepting Appeal and Establishing Procedural Schedule, September 29, 2011 (Order No. 884). Order No. 884 appears at 76 FR 62096 (October 6, 2011).

³ Participant Brief, November 3, 2011 (Participant Brief).

II. SUMMARY OF DEVELOPMENTS

Current operations. Redmon is in east central Illinois. It is part of Edgar County, which borders the state of Indiana. Redmon is about 95 miles from Springfield, Illinois, the Illinois state capital; about 153 miles south of Chicago; and about the same distance (147) miles from St. Louis, Missouri.⁴

The Redmon Post Office is an EAS-11 (full-time) post office in Redmon, Illinois. It has morning and afternoon hours on weekdays and morning hours on Saturday. Item No. 49 (Final Determination) at 2. An Officer in Charge (OIC) has been operating the office since the postmaster retired on May 1, 2010. *Id.*⁵

The Redmon Post Office provides service to 100 post office box customers. It has no delivery customers. The Office is open six days a week. A two-week survey indicates an average of four daily window transactions, translating to four minutes of retail workload activity. *Id.* Revenue for the past three years shows a mixed pattern: \$9,955 in FY 2008, dropping slightly to \$9,719 in FY 2009, but increasing to \$12,202 in FY 2010. See *id.* at 23. FY 2010 revenue, in fact, is an increase of more than 25 percent over each of the previous years.

Study. The Postal Service's study to investigate the closing of the Redmon Post Office was initiated based on the postmaster vacancy; the Postal Service's conclusion that the community has "declining postal needs;" the ability to provide regular and effective service via rural carrier out of Paris, and the presence of four retail outlets within 10 miles. *Id.* at 18.

Proposed alternative. The Postal Service proposes to provide the former patrons of the Redmon Post Office with rural carrier delivery (to rural boxes or cluster box units CBUs) and retail services out of the Paris Post Office, an EAS 20-level post office,

⁴ <http://www.geobytes.com/CityDistanceTool.htm> (distances are "as the crow flies").

⁵ The Final Determination appears as Item No. 49 in the Administrative Record prepared in this case.

located about 9 miles away. *Id.* It states that retail services will also be available at the Brocton Post Office, 6 miles away. *Id.*; see also Postal Service Comments at 3-4

Estimated savings. The Postal Service estimates that it will save \$37,630 annually by closing the Redmon Post Office and providing the described replacement services. This is based on an EAS-11 Postmaster's salary of \$33,168, plus benefits of \$11,111 and annual lease costs of \$6100, minus an estimated of \$12,749 for the cost of annual replacement service. Administrative Record Item No. 49 (Final Determination) at 7.

III. STANDARD OF REVIEW AND APPLICABLE LAW

The Commission's recitation of the law and applicable standards set out in Order No. 974 (*Innis, Louisiana*, Docket No. A2011-34) is incorporated by reference in this filing.

IV. PARTIES' POSITIONS

A. Petitioners

Mayor Cooper opposes the closing of the Redmon Post Office based, among other things, on the ensuing hardship for many residents and the conclusion that elimination of small rural post offices will generate very little savings (0.7 percent of the Service's operational budget, while affecting thousands of people). Mayor's Petition at 1. He also raises concerns about safety, reports that others have expressed dissatisfaction with CBUs in terms of wet mail, snow piles, and security, and generally disputes that the proposed replacement service will provide a maximum degree of effective and regular service, as required by statute. See *generally* Participant Brief at 1 and 4-6. Moreover, his belief is that the Postal Service did not genuinely consider the needs of the community in several important respects. *Id.* at 4-5 and 8.

The Mayor proposes this option:

- leaving the office open for 4 hours a day for access by box holders, for patrons' purchases of stamps, and for mailing parcels; and
- removing the "no fee" box and requiring everyone to pay for a box.

Id. at 2. He maintains that everyone in the town would pay the yearly fees if the Post Office could be kept open. *Id.*

In support of this proposal, the Mayor provides the following analysis based on computer research and discussions with the landlord indicating that the Postal Service signed a 5-year lease in May 2011 for 5 years.

Table

Item	\$
OIC Wages/Benefit	\$13581
Annual Lease	+6100
Cost to Stay Open	19681
Average Revenue Intake	-12749
Difference (cost to stay open)	6932
New Box Fees (removal of "no fee" box regulation)	-3570
Annual Cost for Redmon Post Office to remain open	\$3262

Id. at 3.

The Mayor further notes at \$19.45 per hour for a rural carrier (based on Exh. 6), and considering that the time to prepare mail for delivery, bundling, loading and driving out to the town to make deliveries and returning to Paris would take 2 hours. He

suggests this totals \$234.38 per week for wages plus gas mileage or \$937.92 per month. He contend that if it costs \$280.17 per month to simply go 4 hours per day or \$937.92 per month for a rural carrier to complete the job, then the Postal Service is spending \$657.75 extra per month than if there were a few adjustments to the no fee box regulations. *Id.* at 4. The Mayor says the townspeople are all willing to pay for their boxes and informed management of that fact at the town meeting. *Id.*

The Mayor also says that if the no fee box regulation cannot be changed, paying a rural carrier \$234.38 per week, \$937.92 per month, times 12 months would be \$11,255.04, which is more than it would cost to keep the station open for four hours per day (\$6932) by a total of \$4,323.02.⁶ *Id.* at 3-4.

In the alternative, the Mayor asks that the office be kept open at least until Spring 2012 to allow time for residents to make necessary adjustments, including installation of rural boxes. *Id.*

Communications with the public. The Mayor also states, with respect to the impact on the community:

Looking at the four different letters (Exhibit 7) sent to Postal Customers of four different offices, all under consideration for closure are showing that the Postal Service is not listening to the communities at all. One letter going to Brocton townspeople refer them to get PO Boxes in Redmon, already determined to be closed. Another one of these letters refers Postal Customers of Metcalf to go to Hume for PO Boxes, Hume is under consideration for closure as well.

Another letter refers the Postal Customers of Hume to go to Newman for PO Boxes.

The letter to Redmon residents refers them to Brocton for PO Boxes, also another city under consideration for closure.

⁶ An alternative computation for only 1 hour per day of services is also provided. *Id.* at 4.

Id. at 5. He asserts: “It doesn’t appear that any community in take was actually received by the Postal Service, they just decided and that was that. They just can’t decide where people can get their PO Boxes. *Id.*”

The Mayor also refers, in his Brief, to several matters that cause him to conclude that the Postal Service’s decision to close Redmon (and nearby offices) is arbitrary and capricious. These include the assertion that the main factor is savings small amounts of money, without consideration of other alternatives, such as going to 4 hour stations. Participant Brief at 1. The Mayor also asserts that the Postal Service stands to lose \$24,400 over the term of the lease, given the absence of a 30-day cancellation clause. *Id.* at 2. He provides a detailed alternative analysis showing a substantial ten-year loss (of \$262,492) if the Postal Service adopts its replacement plan versus what the part-time alternative the Town has proposed. *Id.* at 2-4.

The Mayor, among other things, also reports that friends tell him mail in CBUs gets wet, snow piles up in front of them, and are subject to vandalism. *Id.* at 4.

B. The Postal Service

The Postal Service states that the appeal raises three main issues: (1) impact on effective and regular service to the community; (2) the effect of the closing on the community; and (3) economic savings. Postal Service Comments at 1. It asserts that it gave these issues serious consideration and also gave consideration to other issues, including the impact on postal employees. *Id.* at 2. It acknowledges that Mayor Cooper challenges the Final Determination on grounds that the Postal Service did not consider “other factors,” but asserts that this category does not require analysis unless special circumstances so warrant. *Id.*

In addition, notwithstanding the information about the Brocton Post Office provided in the Mayor’s initial filing (docketed September 27, 2011), the Postal Service continues to state: “In addition, retail service is also available at the Brocton Post Office, an EAS-11 level office located approximately six miles from Redmon, Illinois.

Finally, customers can also apply to receive Post Office Box service at either the Paris Post Office or the Brocton Post Office. *Id.* at 3-4 (internal citations omitted). The availability of Brocton, and the impression that it is a closer alternative, is reiterated as evidence that Redmon customers will have delivery options. *Id.* at 6. The Postal Service dismisses the Mayor's concern that Brocton will also be closed by saying: "While this may be true, there has been no final determination to close the Brocton Post Office as of this time. ... In addition, the customers of the Redmon Post Office have had an opportunity to comment on the closing of the Brocton Post Office *Id.* at 8.

As to the Mayor's proposed options for keeping the Redmon Post Office open on a part-time basis, the Postal Service claims that these suggestions were not raised prior to the issuance of the Proposal or Final Determination. *Id.* It also notes that Mayor claims the decision to close the Redmon Office was arbitrary, as neighboring offices are being kept open. *Id.* at 8-9.

The Postal Service says it appreciates the Mayor's suggestions, but says it gave "thoughtful consideration" to its decision to close the Redmon Post Office, as evidenced in the Administrative Record, and that this consideration is entitled to deference absent a showing of it being arbitrary, capricious, an abuse of discretion, not in accordance with law or procedure, or unsupported by substantial evidence. It says not such showing has been made. *Id.* at 9. In particular, the Postal Service says it investigate the workload, found it to average only four customers, and therefore says that reducing the hours of the Redmon Post Office to 4 per ay does not fully address the inefficiency of continuing to operate the Redmon Post Office. *Id.* It says that it considered the availability of convenient retail services and concluded that between the services that can be offered by the rural carrier, online and mail services, and the services at the neighboring offices, Redmon customers will have various convenient retail service options. *Id.* The Postal Service also challenges the Mayor's calculations, but claims these incorporate assumptions and figures not supported in the record. *Id.* at 16.

As for rescinding the "no fee/Group E" regulation, the Postal Service asserts that this suggestion does not take into effect the impact on others throughout the country;

Redmon customers who have said they cannot afford additional expenses at this time; and the possibility that fees may not be enough to cover costs. It therefore concludes that the suggestion creates broad, practical concerns that “are simply outweighed by the alternatives the Postal Service noted are available for Redmon customers.” *Id.* at 10.

Type of service and related concerns. The Postal Service notes it has not been specifically determined whether Redmon customers will have CBUs or individual rural mailboxes, but offers this advice if problems with snow piling up and wet mail should occur: “... promptly report it so it can be addressed.” *Id.* at 13.

V. THE INTERESTS OF THE GENERAL PUBLIC

The interests of the general public in this, and other appeals of closings, largely pertain to due process. Thus, the Postal Service’s compliance with significant procedural requirements, such as posting of a notice for the designated period, and holding a community meeting is a factor, as is the accuracy of the record on which the decision is based; the transparency of the decisionmaking process; and responsiveness to patrons’ concerns, are relevant considerations.

In this case, there is no dispute that the Postal Service complied with applicable notice requirements; however, there are concerns about the other considerations.

A. Accuracy of the Record

1. Retail Alternatives

As the preceding review clearly shows, the Postal Service repeatedly refers Redmon patrons to Brocton, despite the fact that Brocton (several miles closer than the replacement office) is also proposed for closing. When the Mayor pursues the obvious fact that this is not a realistic alternative, the Postal Service simply says it has not yet closed and observes that Redmon patrons may submit comments on the Brocton closing as well.

This response is disrespectful and condescending. The fact is that the Postal Service, which “holds essentially all the cards” in these cases, prepared a record which inaccurately identified Redmon as a viable retail alternative. Its defense of having done so is not only weak, but insulting to the Redmon patrons. The Mayor clearly states that the Postal Service is providing contradictory information to postal patrons. This is contrary to the interests of the general public.

2. What Happens with the Lease Obligation?

Impact of lease on savings. The Administrative Record indicates that there is no 30-day cancellation clause for the lease. (See Item No. 42 (Fact Sheet) at 1.) The Postal Service does not dispute this fact, and the Mayor correctly observes that the continuing obligation undercuts the soundness of the economic savings on which the justification of the closing is, in part, based.

B. Transparency and Responsiveness to Customers’ Concerns

1. Why Redmon?

The Administrative Record clearly shows that the Postal Service was asked – and responded to – the question of “Why this office and not others?”

Concern No. 2: *Customers asked why their post office was being discontinued while others were retained.*

Response: *... Post offices are reviewed on a case-by-case basis. When there is a vacancy in a small office, it is customary to conduct a study of the business activity and investigate the feasibility of providing service by alternate means.*

Administrative Record Item No. 49 (Final Determination) at 2.

2. Why Not a Part-Time Option?

Mayor Cooper goes to considerable effort, in both his Petition and Brief, to present a part-time for the Postal Service's consideration. The Postal Service says it appreciates his suggestions, but then dismisses them for a variety of reasons, including assumptions and figures it says are inaccurate and a regulation change it says would have, among other things, nationwide impacts. It also says the part-time was not raised at the proper time.

First, Redmon patron Brad Wilhem did raise a question about a part-time option in his questionnaire response, although his proposal differed somewhat. He suggested that instead of having a postmaster-staffed office, the Postal Service should a rural carrier deliver to the existing post office boxes. See Administrative Record Item No 22 at 28.

While Mr. Wilhelm's proposal did not provide much supporting detail, Mayor Cooper presented what may be the most extensive alternative proposals any lay petitioner has presented in an "A" case. What his presentation allegedly lacks in precision, it maore than makes up for in showing a larger truth: that the Postal Service's replacement alternative need not be the only option. In particular, he also shows that if the Postal Service is taking this step to generate cost savings, there are other cost-saving solutions. In addition, the change in the "no fee" box regulation the Mayor suggests could be implemented as an

exception to the rule, for consideration on a case-by-case basis, so his proposal should not be ruled out on this basis.

Finally, the Mayor's filings point up the fact that the Postal Service's post office closing initiative, at the macro level, seems to be an "either/or" proposition. And, on at the micro level, despite the Postal Service's protestations, the record does *not* demonstrate that a part-time option was seriously considered for this office. It is the public interest for the Postal Service to give consideration to part-time options, especially if – as the Mayor points out – economic conditions improve. Or, it should adequately explain why it cannot consider alternatives to a wholesale closing of an office.

3. What Type of Service?

Redmon residents raise concerns about both types of proposed delivery, but at this point, still do not know whether they will be served by individual boxes on a rural route or via CBUs or some combination of both. The Postal Service tells residents that if problems occur, they should report them, but this misses the larger issue: the Postal Service should have informed Redmon residents of the specific type of service they will be receiving or explained to them why it is not able to provide this information. It is in the interests of the general public for the record to include this type of disclosure.

4. Postponement until Spring 2012

The Postal Service also does not address the Mayor's request that if the Post Office is closed against their wishes, the closing be postponed until Spring 2012. Although this was not raised until the Petition stage, it is the interests of the general public for the Postal Service address this request in its Comments or to inform the Town why this matter cannot be addressed.

VI. ADEQUACY OF THE POSTAL SERVICE'S FINAL DETERMINATION

A review of the Administrative Record, arguments presented in the Mayor's Petition and Brief, and the Postal Service Comments leads to the conclusion that the Postal Service has followed applicable notice procedures. It also has distributed questionnaires and held a community meeting. However, that the decision to close the the Postal Service's decision to close the Redmon Post Office is inaccurate in terms of describing the available retail alternatives, as it identifies the Brocton Post Office as an alternative, despite the fact that this office is on the closure list.

In addition, the Postal Service's decision lacks transparency as to why Redmon was selected for closing over another office. The Postal Service asserts that it provided its reasoning on the record, but this is not the case. Instead, the Postal Service simply points to the low workload at Redmon and claims that deference should be given its superior knowledge of how changes in postal operations should unfold. But it is the Mayor's point that the Postal Service has not fully or clearly disclosed on the record its decision rationale—one cannot find any evidence of a comparative analysis.

The Postal Service also has not clearly defined the type of service residents will receive (the main options are rural route box or CBUs). Residents should be informed of the specific type of service the Postal Service plans to provide so they can plan accordingly, or the Postal Service should disclose the reasons why it cannot be more specific. The Postal Service's failure to do so leads to concerns that the decision to close the Redmon Post Office was arbitrary and capricious, as insufficient thought was given to the type of service the former patrons would receive. In short, the closing "plan" is not complete.

VII. CONCLUSION

Collectively, the reasons set out above provide the Commission with several material reasons why the Postal Service's decision to close the Redmon Post Office lacks the degree of accuracy, transparency and responsiveness the public deserves.

Respectfully submitted,

Patricia A. (Pat) Gallagher
Public Representative

901 New York Avenue, N.W.
Washington, D.C. 20268-0001
(202) 789-6824; Fax (202) 789-6861
pat.gallagher@prc.gov